

EXHIBIT "K"

Members of the Board,

On Tuesday, March 19, 2013 I will be suspending all chemical (API) operations. Currently Cody Laboratories does not have appropriate property insurance in place to cover a loss of the building in the event of a catastrophic event. Section 8.5 of the Lease Agreement states that the Lessee will carry fire and extended coverage on the building. It also states that the Lessee should maintain insurance to cover 90% of the replacement costs of the building.

These are the assets reflected on the most recent Cody Laboratories balance sheet:

Construction in Progress	\$2,138,890.00
Leasehold Improvements	\$8,403,712.00
	\$10,542,602.00

Replacement Cost of Building	\$14,892,000.00
90% of replacement cost	\$13,402,800.00

The equipment and inventory listed below is not required by the Lease Agreement, however, it is probably in the Company's best to cover these assets as well.

Analytical Equipment	\$602,043.00
Manufacturing Equipment	\$6,087,711.00
Office Equipment	\$156,080.03
Inventory	\$4,703,275.00
	\$11,549,109.03

The building and improvements alone are approximately \$24,000,000. If we include equipment and inventory the total exceeds \$35,000,000.

Mike Landis has informed me that we currently have approximately \$12,000,000 of property coverage. A copy of our insurance coverage provided by Mike Landis is listed below. There is excess coverage, but that is only for liability claims.

No.4: 601 Yellowstone Avenue Cody, Wyoming 82414	Building: \$4,850,000 Personal Property: \$7,250,000 (Which includes Stock of: \$3,000,000)
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As the CEO of Cody Laboratories, I am obligated to protect the assets of the Company, and I am also required to ensure that we as a company are in compliance with, and adhering to all executed contracts and agreements. The Lease Agreement is one such example that allows for our continued operation as long as we are in compliance with that agreement.

On Tuesday, March 19, I will also be suspending all work on capital and/or construction projects greater than \$50,000. Section 11.5 of the Lease Agreement states that the Lessee shall post a performance bond in favor of the Lessor for all alterations exceeding \$50,000. Cody Laboratory's purchase request was twice denied by Lannett management and sent back to Cody, both unsigned and disapproved. The Lease Agreement does not permit, or allow for contractors posting the bond in lieu of the Lessee.

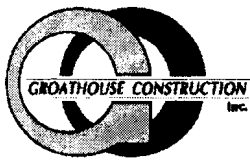
This situation requires the immediate attention of the Cody Board. This is an awkward situation for me, because, in order to comply with the Lease Agreement and protect the Cody Labs business operations, there is no choice except to suspend the operations mentioned herein. I recommend a special meeting of the board be held as soon as possible, or an email vote. Without a vote against, I will be compelled to stop the chemical (API) operations Tuesday March 19th. I believe that Tuesday March 19th should provide ample time to review and discuss this situation. I will have Denise contact you to schedule a time convenient for us to meet as a board.

I look forward to your input and response. Please find attached a copy of the Lease Agreement and a copy of the quote of the estimated replacement cost of the building.

Respectfully,

A handwritten signature in black ink, appearing to be 'Richard Asherman', written in a cursive style.

Richard Asherman
CEO
Cody Laboratories, Inc.



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Laramie WY 82072

3440 Bypass Blvd.
Casper WY 82604

Big Horn Ave.
Cody WY 82414

www.groathouse.com

March 7, 2013

Mr. Ric Asherman
Cody Laboratories
601 Yellowstone Avenue
Cody, WY 82414

RE: Replacement Cost

Mr. Asherman:

Please see our cost to construct a 73,000 square foot facility, similar in construction to your existing building.

- Construction Cost:
 - o $73,000 \text{ sf} \cdot \$170/\text{sf} = 12,410,000$
- Design Cost:
 - o $12,410,000 \cdot 10\% = 1,241,000$
- Contingency:
 - o $12,410,000 \cdot 10\% = 1,241,000$
- Total Replacement Cost is \$14,892,000

Should you have any questions or concerns with this estimate please do not hesitate to contact me.

Sincerely yours,
GROATHOUSE CONSTRUCTION, INC.

A handwritten signature in black ink, appearing to read 'Fred A. Bronnenberg', is written over the typed name.

Fred Bronnenberg
President